



Calculation of Indexation, Net Interest, and Legal Fees and Costs
on the Judgment Awarded to Trejos Hermanos Sucesores, S.A.

October 26, 2021





Scope of Work

This report calculates the standard amounts of (i) indexation, (ii) interest, and (iii) legal fees and costs to which Trejos Hermanos Sucesores, S.A. ("**the Company**") is entitled under the judgment issued by the Contention Administrative Civil Court against Verizon Communications, Inc. and Verizon Information Services Costa Rica, LLC in Ruling No. 66-2017-V on July 19, 2017 ("**the Judgment**").

This report does not reflect any personal opinion or judgment. We have merely performed the routine calculations required by the Judgment and Costa Rican law.

Executive Summary

The Judgment awarded the Company a principal sum of \$51,355,812, along with three adjustments. First, the Judgment ordered **indexation**, which adjusts the value of money over time according to its purchasing power. Second, the Judgment ordered the imposition of **net interest**, which accounts for the time-value of money between the date of the Judgment and the date on which the damages calculation was first performed. Third, the Judgment imposed legal fees and costs, which are set by government decree and pegged to the quantum of the award. Together with these adjustments, the total value of the judgment, if paid on October 15, 2021, would be **\$93,970,866**.

Principal Amount	Indexed Amount (a)	Net Interest (b)	Legal Fees and Costs (c)	Grand Total (d=a+b+c)
\$51,355,812	\$76,432,427	\$7,089,284	\$10,449,155	\$93,970,866

Data Sources

To prepare this report, we collected certain figures for the relevant dates and adjustments.

First, we requested the documentation related to the lawsuit to determine the principal amount of the damages award and the types of adjustments required. According to the Judgment, the defendants must pay the following amounts to the Company:

1. For investment in machinery, the sum of \$2,582,156.
2. For increased inventory, the sum of \$2,860,696.
3. For paid interest, the sum of \$983,825.
4. For lost operating cash flows between 2004 and 2013, the sum of \$8,806,872.
5. For certain losses between 2004 and 2007, the sum of \$7,237,068.
6. For damages due to halted operations, the sum of \$28,885,195.
7. The total sum of the aforementioned items amounts to \$51,355,812.

Second, we retrieved the relevant economic figures necessary to perform the calculations for indexing and net interest.



1. Indexing must be calculated using prime rate indicator. As such, we obtained historical data on the Prime Rate published by the Central Bank of Costa Rica (BCCR) up through its most recent date of publication on October 6, 2021. We converted these annual prime rates into daily rates using a 360-day annual period, using "Term-Adjusted Interest Rates."
2. Net interest must be calculated using the rates specified in Article 1163 of the Costa Rican Civil Code. Consequently, we obtained the historical interest rates in dollars from the National Bank of Costa Rica up through its most recent date of publication on October 6, 2021. One must also account for changes in purchasing power during the period of interest calculation. We therefore obtained the historical values of the Consumer Price Index (CPI) published by the BCCR up through its most recent publication in August 2021, using "Term-Adjusted CPI" for daily rates. For the calculation of net interest, the provisions established by the First Chamber of Costa Rica in its ruling number 000902-F-S1-2012 were taken as a reference.
3. Indexation and net interest must be calculated from August 30, 2008 until the date of effective payment.

Third, we retrieved the relevant thresholds and fees for the legal fees and costs.

1. We converted the sum of (a) the indexed principal sum and (b) net interest to colones. For this conversion, we used the sale exchange rate issued by the Central Bank of Costa Rica on October 6, 2021.
2. We then calculated the legal fees. Article 18 of the Costa Rican Executive Decree No. 32493, which governs the "Fee for Professional Legal and Notary Services," provides that fees are calculated in tiers corresponding to the total damages:
 - For awards up to ¢15,000,000, the fee is twenty percent.
 - On the excess of ¢15,000,000 and up to ¢75,000,000, the fee is fifteen percent.
 - On the excess of ¢75,000,000, the fee is ten percent.

Additionally, the net legal fees from the previous fees must be increased by twenty-five percent for appeals to the Court of Cassation.

Calculations

Based on the procedures described above and assuming a payment date of October 15, 2021, the arithmetic for each adjustment is set forth in Appendix A (indexation), Appendix B (net interest), and Appendix C (legal fees and costs).

Sincerely,

A handwritten signature in black ink, appearing to read "German Morales Martínez".

German Morales Martínez, CPA
Partner



APPENDIX A

Indexation

The principal amount owed to the Company is \$51,355,812. Indexation of the principal amount through October 15, 2021 is \$25,076,615. In total, the indexed principal amount owing on the Judgment is \$76,432,427.

Summary of the Calculation:

Column A provides the starting date.

Column B sets the projected date on which the payment will be made.

Column C calculates the number of days elapsed from the initial date to the estimated date of payment.

Column D calculates the cumulative sum of the daily Prime Rates over the period.

Column E reflects the principal amount of the Judgment

Column F calculates the principal amount of indexation.

Column G encompasses the adjustment obtained by applying the fully indexed interest rate, which seeks to appraise the value of money over time by adjusting its purchasing power.

A	B	C	D	E	F	G
Starting Date (a)	Final Date (b)	Elapsed Days (c=b-a+1)	Daily Accumulated Prime Rate (d)	Principal Amount (e)	Indexed Amount (f=e*(1+d))	Indexation Adjustment (g=f-e)
30-8-2008	15-10-2021	4,795	48.83%	\$51,355,812	\$76,432,427	\$25,076,615



APPENDIX B

Net Interest

The amount of net interest owing under the Judgment is \$7,089,284. Net interest is calculated in three steps. First, we calculated the term-adjusted legal interest rate for the relevant period. Second, we calculated the term-adjusted consumer price index for the same period. Third, we calculate term-adjusted net interest, which eliminates the effect of changes in consumer price index from interest (e.g., in cases where inflation is higher than nominal interest, the net interest rate would be 0%). For the calculation of net interest, the provisions established by the First Chamber of Costa Rica in its ruling number 000902-F-S1-2012 were taken as a reference.

Summary of the Term-Adjusted Legal Interest Rate Calculation:

Column A contains the starting date of the interest rate calculation. The information is presented in intervals according to the National Bank of Costa Rica's historical database of annual interest rates in dollars.

Column B has the final date of each interval in which the annual interest rate in dollars, was valid.

Column C represents the annual interest rate that was in effect in each date timespan.

Column D details the daily interest rate in dollars obtained by calculating a 360-day annual period.

Column E represents the number of elapsed days between each legal interest dates interval.

Column F contains the calculation of the interest rate according to each term. It is obtained by multiplying the daily interest rate by the number of days of each date interval.

A	B	C	D	E	F
Initial Date	Final Date	Annual %	Daily %	Elapsed Days	Term-Adjusted Rate
30-Aug-2008	17-Sep-2008	3.75	0.010	19	0.20%
18-Sep-2008	18-Dec-2008	3.80	0.011	92	0.97%
19-Dec-2008	08-Feb-2009	2.80	0.008	52	0.40%
09-Feb-2009	08-Mar-2009	4.65	0.013	28	0.36%
09-Mar-2009	22-Mar-2009	4.25	0.012	14	0.17%
23-Mar-2009	20-Apr-2009	3.75	0.010	29	0.30%
21-Apr-2009	10-May-2009	3.25	0.009	20	0.18%
11-May-2009	21-May-2009	2.75	0.008	11	0.08%
22-May-2009	02-Jun-2009	2.25	0.006	12	0.08%
03-Jun-2009	30-Jun-2009	2.00	0.006	28	0.16%
01-Jul-2009	19-Jul-2009	1.90	0.005	19	0.10%
20-Jul-2009	26-Aug-2009	1.80	0.005	38	0.19%
27-Aug-2009	29-Sep-2009	1.23	0.003	34	0.12%



A	B	C	D	E	F
Initial Date	Final Date	Annual %	Daily %	Elapsed Days	Term-Adjusted Rate
30-Sep-2009	03-Feb-2010	1.10	0.003	127	0.39%
04-Feb-2010	05-May-2010	0.95	0.003	91	0.24%
06-May-2010	06-Sep-2010	0.90	0.003	124	0.31%
07-Sep-2010	01-Mar-2011	0.55	0.002	176	0.27%
02-Mar-2011	17-Aug-2011	0.45	0.001	169	0.21%
18-Aug-2011	05-Sep-2011	0.40	0.001	19	0.02%
06-Sep-2011	02-Oct-2011	0.45	0.001	27	0.03%
03-Oct-2011	08-Dec-2011	0.60	0.002	67	0.11%
09-Dec-2011	28-Feb-2012	1.20	0.003	82	0.27%
29-Feb-2012	15-Jul-2012	2.05	0.006	138	0.79%
16-Jul-2012	07-Mar-2013	2.30	0.006	235	1.50%
08-Mar-2013	14-Apr-2013	3.00	0.008	38	0.32%
15-Apr-2013	28-Apr-2013	2.50	0.007	14	0.10%
29-Apr-2013	20-May-2013	2.25	0.006	22	0.14%
21-May-2013	27-May-2013	1.95	0.005	7	0.04%
28-May-2013	04-Nov-2013	1.90	0.005	161	0.85%
05-Nov-2013	09-Feb-2014	1.65	0.005	97	0.44%
10-Feb-2014	18-May-2014	1.80	0.005	98	0.49%
19-May-2014	15-Jul-2014	2.25	0.006	58	0.36%
16-Jul-2014	04-Feb-2015	2.00	0.006	204	1.13%
05-Feb-2015	11-Mar-2015	1.90	0.005	35	0.18%
12-Mar-2015	03-May-2015	1.50	0.004	53	0.22%
04-May-2015	25-May-2015	1.35	0.004	22	0.08%
26-May-2015	20-Jul-2015	1.25	0.003	56	0.19%
21-Jul-2015	29-Sep-2015	1.45	0.004	71	0.29%
30-Sep-2015	25-Oct-2015	1.75	0.005	26	0.13%
26-Oct-2015	10-Jan-2016	2.00	0.006	77	0.43%
11-Jan-2016	18-Dec-2016	2.50	0.007	343	2.38%
19-Dec-2016	14-May-2017	2.75	0.008	147	1.12%
15-May-2017	22-Mar-2020	2.60	0.007	1043	7.53%
23-Mar-2020	20-Jul-2020	1.85	0.005	120	0.62%
21-Jul-2020	28-Feb-2021	1.65	0.005	223	1.02%
01-Mar-2021	15-Oct-2021	1.40	0.004	229	0.89%



Summary of the Term-Adjusted Consumer Price Index Calculation:

Column A notes the starting date of each month in which the calculation of legal interest began, corresponding to the ranges of annual interest in dollars of the National Bank of Costa Rica.

Column B notes the end date of each monthly interval.

Column C shows the number of days elapsed between each date interval.

Column D shows the CPI value that was valid on the starting date of the range.

Column E details the CPI value that was valid on the end date of the interval.

Column F corresponds to the percentage variance in the initial CPI and the final CPI for each date range. (Formula = Final CPI divided by Initial CPI minus 1).

Column G represents the variance in the adjusted CPI.

A	B	C	D	E	F	G
Initial CPI Date	Final CPI Date	Days	Initial Monthly CPI	Final Monthly CPI	CPI Variance	Term-Adjusted CPI
01-Aug-2008	30-Sep-2008	61	69.07	69.73	0.95%	0.30%
01-Sep-2008	31-Dec-2008	122	69.73	71.02	1.86%	1.40%
01-Dec-2008	28-Feb-2009	90	71.02	71.60	0.82%	0.47%
01-Feb-2009	31-Mar-2009	59	71.60	71.61	0.01%	0.01%
01-Mar-2009	31-Mar-2009	31	71.61	71.61	0.00%	0.00%
01-Mar-2009	30-Apr-2009	61	71.61	71.85	0.33%	0.16%
01-Apr-2009	31-May-2009	61	71.85	71.76	-0.12%	-0.04%
01-May-2009	31-May-2009	31	71.76	71.76	0.00%	0.00%
01-May-2009	30-Jun-2009	61	71.76	71.88	0.17%	0.03%
01-Jun-2009	30-Jun-2009	30	71.88	71.88	0.00%	0.00%
01-Jul-2009	31-Jul-2009	31	72.54	72.54	0.00%	0.00%
01-Jul-2009	31-Aug-2009	62	72.54	73.02	0.65%	0.40%
01-Aug-2009	30-Sep-2009	61	73.02	73.10	0.11%	0.06%
01-Sep-2009	28-Feb-2010	181	73.10	75.61	3.44%	2.41%
01-Feb-2010	31-May-2010	120	75.61	76.23	0.82%	0.62%
01-May-2010	30-Sep-2010	153	76.23	76.75	0.68%	0.55%
01-Sep-2010	31-Mar-2011	212	76.75	79.27	3.28%	2.72%
01-Mar-2011	31-Aug-2011	184	79.27	80.85	1.99%	1.83%
01-Aug-2011	30-Sep-2011	61	80.85	80.73	-0.16%	-0.05%
01-Sep-2011	31-Oct-2011	61	80.73	80.92	0.24%	0.10%



A	B	C	D	E	F	G
Initial CPI Date	Final CPI Date	Days	Initial Monthly CPI	Final Monthly CPI	CPI Variance	Term-Adjusted CPI
01-Oct-2011	31-Dec-2011	92	80.92	81.90	1.22%	0.89%
01-Dec-2011	29-Feb-2012	91	81.90	82.28	0.46%	0.41%
01-Feb-2012	31-Jul-2012	182	82.28	83.83	1.89%	1.43%
01-Jul-2012	31-Mar-2013	274	83.83	87.73	4.66%	3.99%
01-Mar-2013	30-Apr-2013	61	87.73	88.37	0.73%	0.45%
01-Apr-2013	30-Apr-2013	30	88.37	88.37	0.00%	0.00%
01-Apr-2013	31-May-2013	61	88.37	88.39	0.02%	0.01%
01-May-2013	31-May-2013	31	88.39	88.39	0.00%	0.00%
01-May-2013	30-Nov-2013	214	88.39	88.33	-0.06%	-0.05%
01-Nov-2013	28-Feb-2014	120	88.33	90.04	1.93%	1.56%
01-Feb-2014	31-May-2014	120	90.04	92.11	2.30%	1.88%
01-May-2014	31-Jul-2014	92	92.11	93.30	1.30%	0.82%
01-Jul-2014	28-Feb-2015	243	93.30	93.22	-0.10%	-0.08%
01-Feb-2015	31-Mar-2015	59	93.22	93.35	0.15%	0.09%
01-Mar-2015	31-May-2015	92	93.35	93.01	-0.37%	-0.21%
01-May-2015	31-May-2015	31	93.01	93.01	0.00%	0.00%
01-May-2015	31-Jul-2015	92	93.01	93.00	0.00%	0.00%
01-Jul-2015	30-Sep-2015	92	93.00	92.68	-0.35%	-0.27%
01-Sep-2015	31-Oct-2015	61	92.68	92.42	-0.28%	-0.12%
01-Oct-2015	31-Jan-2016	123	92.42	93.21	0.86%	0.54%
01-Jan-2016	31-Dec-2016	366	93.21	93.29	0.09%	0.08%
01-Dec-2016	31-May-2017	182	93.29	94.15	0.92%	0.75%
01-May-2017	31-Mar-2020	1066	94.15	99.48	5.66%	5.54%
01-Mar-2020	31-Jul-2020	153	99.48	99.13	-0.35%	-0.28%
01-Jul-2020	28-Feb-2021	243	99.13	99.92	0.80%	0.73%
01-Mar-2021	31-Oct-2021	245	99.95	100.83	0.88%	0.83%



Summary of the Term-Adjusted Net Interest Calculation:

Column A set the starting date of the interest rate calculation.

Column B sets the end date of each interval in which the annual interest rate in dollars was valid.

Column C represents the principal amount that the company will receive. Meaning that this amount is the previously calculated indexed main amount, as seen in the preceding timespan.

Column D shows the indexed main amount at the end date of each date interval.

Column E details the calculation of the real or net interest rate. This rate represents the legal interest rate of each range modified according to the variation in the purchasing power per term. (Formula = $(1 + \text{Legal Rate According to Term}) / (1 + \text{Term Adjusted CPI})$ minus 1).

Column F details the sum of real interest calculated using the real or net interest rate. In cases where the real interest rate is negative, there is no calculation of interest. (Formula = Main amount multiplied by the real interest rate).

A	B	C	D	E	F
Initial Date	Final Date	Main Amount	Indexed Main Amount	Real Interest Rate	Real Interest
30-Aug-2008	17-Sep-2008	\$51,355,812	\$51,491,334	-0.10%	\$ 0
18-Sep-2008	18-Dec-2008	\$51,491,334	\$52,058,388	-0.42%	\$ 0
19-Dec-2008	08-Feb-2009	\$52,058,388	\$52,299,475	-0.07%	\$ 0
09-Feb-2009	08-Mar-2009	\$52,299,475	\$52,429,291	0.35%	\$185,636
09-Mar-2009	22-Mar-2009	\$52,429,291	\$52,494,199	0.17%	\$ 86,654
23-Mar-2009	20-Apr-2009	\$52,494,199	\$52,628,652	0.14%	\$ 75,965
21-Apr-2009	10-May-2009	\$52,628,652	\$52,721,377	0.22%	\$116,622
11-May-2009	21-May-2009	\$52,721,377	\$52,772,376	0.08%	\$ 44,301
22-May-2009	02-Jun-2009	\$52,772,376	\$52,828,012	0.04%	\$ 22,066
03-Jun-2009	30-Jun-2009	\$52,828,012	\$52,957,828	0.16%	\$ 82,177
01-Jul-2009	19-Jul-2009	\$52,957,828	\$53,045,918	0.10%	\$ 53,105
20-Jul-2009	26-Aug-2009	\$53,045,918	\$53,222,096	-0.21%	\$ 0
27-Aug-2009	29-Sep-2009	\$53,222,096	\$53,379,730	0.05%	\$ 28,444
30-Sep-2009	03-Feb-2010	\$53,379,730	\$53,968,539	-1.98%	\$ 0
04-Feb-2010	05-May-2010	\$53,968,539	\$54,390,441	-0.38%	\$ 0
06-May-2010	06-Sep-2010	\$54,390,441	\$54,965,341	-0.24%	\$ 0
07-Sep-2010	01-Mar-2011	\$54,965,341	\$55,781,328	-2.39%	\$ 0
02-Mar-2011	17-Aug-2011	\$55,781,328	\$56,564,861	-1.59%	\$ 0
18-Aug-2011	05-Sep-2011	\$56,564,861	\$56,652,950	0.07%	\$ 39,496
06-Sep-2011	02-Oct-2011	\$56,652,950	\$56,778,130	-0.07%	\$ 0
03-Oct-2011	08-Dec-2011	\$56,778,130	\$57,088,761	-0.77%	\$ 0



A	B	C	D	E	F
Initial Date	Final Date	Main Amount	Indexed Main Amount	Real Interest Rate	Real Interest
09-Dec-2011	28-Feb-2012	\$57,088,761	\$57,468,937	-0.14%	\$ 0
29-Feb-2012	15-Jul-2012	\$57,468,937	\$58,108,745	-0.64%	\$ 0
16-Jul-2012	07-Mar-2013	\$58,108,745	\$59,198,272	-2.40%	\$ 0
08-Mar-2013	14-Apr-2013	\$59,198,272	\$59,374,451	-0.14%	\$ 0
15-Apr-2013	28-Apr-2013	\$59,374,451	\$59,439,359	0.10%	\$ 57,725
29-Apr-2013	20-May-2013	\$59,439,359	\$59,541,358	0.13%	\$ 78,380
21-May-2013	27-May-2013	\$59,541,358	\$59,573,812	0.04%	\$ 22,576
28-May-2013	04-Nov-2013	\$59,573,812	\$60,320,254	0.90%	\$534,094
05-Nov-2013	09-Feb-2014	\$60,320,254	\$60,769,974	-1.10%	\$ 0
10-Feb-2014	18-May-2014	\$60,769,974	\$61,224,331	-1.36%	\$ 0
19-May-2014	15-Jul-2014	\$61,224,331	\$61,493,235	-0.45%	\$ 0
16-Jul-2014	04-Feb-2015	\$61,493,235	\$62,439,038	1.21%	\$746,675
05-Feb-2015	11-Mar-2015	\$62,439,038	\$62,601,308	0.10%	\$ 60,546
12-Mar-2015	03-May-2015	\$62,601,308	\$62,847,032	0.44%	\$273,046
04-May-2015	25-May-2015	\$62,847,032	\$62,949,030	0.08%	\$ 51,849
26-May-2015	20-Jul-2015	\$62,949,030	\$63,208,662	0.20%	\$ 123,082
21-Jul-2015	29-Sep-2015	\$63,208,662	\$63,537,839	0.56%	\$ 353,072
30-Sep-2015	25-Oct-2015	\$63,537,839	\$63,658,382	0.25%	\$ 156,810
26-Oct-2015	10-Jan-2016	\$63,658,382	\$64,024,292	-0.11%	\$ 0
11-Jan-2016	18-Dec-2016	\$64,024,292	\$65,738,292	2.30%	\$1,472,407
19-Dec-2016	14-May-2017	\$65,738,292	\$66,546,077	0.37%	\$ 245,310
15-May-2017	22-Mar-2020	\$66,546,077	\$73,780,470	1.89%	\$1,258,310
23-Mar-2020	20-Jul-2020	\$73,780,470	\$74,336,825	0.90%	\$ 661,116
21-Jul-2020	28-Feb-2021	\$74,336,825	\$75,370,717	0.29%	\$ 212,112
01-Mar-2021	15-Oct-2021	\$75,370,717	\$76,432,427	0.06%	\$ 47,707
					\$7,089,284



APPENDIX C

Legal Fees and Costs

Legal fees and costs are set by government decree at specific rates and tiers, based on the total amount awarded by the court. The legal fees and costs together total \$10,449,155.

Summary of the Legal Fees and Costs Calculation:

1. With indexation and net interest, the amount awarded under the Judgment is \$83,521,711. We converted this amount Costa Rican colones using an exchange rate of ¢629.12, which yielded a result of ¢52,545,178,847.
2. We then applied the tiered rates of 20%, 15%, and 10% in accordance with Article 18 of Decree No. 32493 to determine the legal fees:

	Lower	Upper	Rate	Tranche Amount	Legal Fees in CRC	Legal Fees in USD
Tier 1	¢ 0	¢ 15,000,000	20%	¢ 15,000,000	¢ 3,000,000	\$ 4,769
Tier 2	¢15,000,000	¢ 75,000,000	15%	¢ 60,000,000	¢ 9,000,000	\$ 14,306
Tier 3	¢75,000,000	¢52,545,178,847	10%	¢52,470,178,847	¢5,247,017,885	\$ 8,340,250
					¢5.259.017.885	\$ 8,359,324

3. Finally, when a party appeals to the Court of Cassation and loses, it owes an additional 25% on top of the legal fees for the first-instance court. As applied here, that increases the legal fees to **\$10,449,155.**